

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Bear Lake Township	County* MANISTEE	Type* TOWNSHIP	MuniCode* 51-1-020
Opinion Date-Use Calendar Aug 26, 2008	Audit Submitted-Use Calendar Oct 24, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ ☐ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☐ ☐ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 248,422.00
General Fund Expenditure:	<input type="checkbox"/> \$ 176,535.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 237,232.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Wilson	Ten Digit License Number* 1102002446		
CPA Street Address* PO Box 205	City* Interlochen	State* MI	Zip Code* 49643	Telephone* +1 (231) 276-7668
CPA Firm Name* David E Wilson, CPA	Unit's Street Address* 7771 Lake St	Unit's City* Bear Lake, MI	Unit's Zip* 49614	

BEAR LAKE TOWNSHIP
MANISTEE COUNTY, MICHIGAN
BEAR LAKE, MICHIGAN

Audit Report

For Year Ended
March 31, 2008

David E Wilson, CPA
PO Box 205
Interlochen, MI 49643
(231) 276-7668

**BEAR LAKE TOWNSHIP
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INTRODUCTORY SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Bear Lake Township Board
Bear Lake, Michigan

We have audited the financial statements of Bear Lake Township as of and for the year ended March 31, 2008, and have issued our report thereon dated August 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bear Lake Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bear Lake Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bear Lake Township's internal control over financial reporting.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bear Lake Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, others within the organization and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.



Interlochen, MI
August 26, 2008

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Bear Lake Township Board
Bear Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, and the aggregate remaining fund information of Bear Lake Township, Manistee County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bear Lake Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Bear Lake Township as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2008, on our consideration of the Bear Lake Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bear Lake Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in blue ink, appearing to read "David E. Wilson".

Interlochen, MI
August 26, 2008

Bear Lake Township

Management Discussion and Analysis

This discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements.

Financial Highlights:

- The Township's net assets changed slightly with a 11.3 percent increase attributed to frugal township operations.

Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Township as a Whole:

The following table shows a comparison of current and previous year net assets:

Assets	2007	2008
Cash	506,659	578,753
Other Current Assets	16,992	17,978
Capital Assets Net	<u>36,472</u>	<u>34,788</u>
Total Assets	560,123	631,519
Liabilities and Net Assets		
Liabilities	0	0
Net Assets	<u>560,123</u>	<u>631,519</u>
Total Liabilities and Net Assets	560,123	631,519

The Township's combined net assets increased 11.3% from a year ago - increasing from \$560,123 to \$631,519.

Governmental Activities:

	2007	2008
Revenues		
Taxes	136,815	151,086
State Grants	86,585	88,210
Interest and Rental	19,869	17,559
Charges for Services	44,491	43,715
Other	<u>50,403</u>	<u>36,601</u>
Total Revenue	338,163	337,171
Expenditure	314,549	251,918
Transfers	<u>0</u>	<u>0</u>
Excess Revenue	23,614	85,253

The Township's activities expenses decreased by \$62,631, or 25 percent, and were due in part to the completion of a road project.

The Township's Funds:

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred from the General Fund for Fire Services is supported by an operational budget approved by the Township Board and included the use of reserve funds.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets.

Capital Asset and Debt Administration:

Capital Assets

The Township made no major capital improvements in 2008 other than the repair of a road that is not capitalizable.

	Asset	Depreciation	Accumulated Depreciation
General Fixed Assets			
Land	23,000	0	0
Buildings	79,062	0	79,062
Equipment	<u>501,931</u>	<u>1,684</u>	<u>490,143</u>
Total General Fixed Assets	603,993	1,684	569,205

Debt

The Township acquired no additional debt in 2008 and has no debt.

Economic Factors and Next Year's Budgets and Rates:

Bear Lake Township's 2008 budget calls for the allocated millage. With this millage we are able to fund the majority of fire services and general services including recreational parks. There are additional voted millages to supplement fire operations.

General Overview of the Accomplishments of Bear Lake Township in the 2008 Fiscal Year:

The Township finances have been managed very closely in 2008. This is reflected in an increase of the General Fund balance. The Township is in a very healthy state as a whole.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 864-3620.

BEAR LAKE TOWNSHIP
Government Wide Statement of Net Assets
As of March 31, 2008

	Total
Assets	
Cash & Investments	\$578,753
Accounts Receivable - Taxes	12,174
Accounts Receivable	5,804
Prepaid Insurance	0
Net Assets	34,788
Total Assets	631,519
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	0
Retirement Payable	0
Deferred Taxes Receivable	0
Note Payable	0
Total Liabilities	0
Fund Equity	
Fund Balance - Reserved	27,563
Fund Balance - Unreserved	603,956
Total Fund Equity	631,519
Total Liabilities and Fund Balance	\$631,519

BEAR LAKE TOWNSHIP

FOR THE YEAR ENDED MARCH 31, 2008

Program Revenues
Capital
Operating
Grants and
Contributions
Grants for
Services
Expenses
Changes in Net Assets
Primary Government
Governmental Business-type Activities Accruals

Prasanna, D. S. R.

	2017	2016	2015	2014	2013
Legislative	\$17,902	\$0	\$0	\$(17,902)	\$17,902
General government	109,640	43,715		165,925	165,925
Public safety	45,242			145,242	145,242
Public works	71,917			171,917	171,917
Health and Welfare	0			0	0
Community and Economic Development	0			0	0
Recreation and Culture	7,217			17,217	17,217
Depreciation	1,624			0	1,624
Interest on Long Term Debt	0			0	0
Total Governmental Activities	253,802	43,715	0	1,209,867	1,209,867
					C
					2013

செய்தியைத் தவிர்த்து, உடனடியாக

253.602	43.715	0	(209.887)	1	(209.602)
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Property Taxes-general	151,086	
Property Taxes-del service	0	
State-Share Revenues	88,210	
Unrestricted Investment Earnings	17,559	0
Franchise taxes	0	
Contributions	0	
Miscellaneous	36,501	
Transfers	0	
		36,501

Changes in Net Assets	83,569	0	83,569
	<u>220,000</u>	<u>0</u>	<u>220,000</u>

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99

Beginning	547,950	547,950
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2014

Net Assets - Ending	\$631,519	\$0	\$631,519
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Net Income Per Governmental Balance Sheet	\$85,253
Less Depreciation	1,684
Net Income Per Statement of Activities	<u>\$83,569</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BEAR LAKE TOWNSHIP
Governmental Funds Balance Sheet
As Of March 31, 2008

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Non Major Funds</u>	<u>Total (Memo Only)</u>
<u>Assets</u>			
Cash & Investments	\$215,200	\$363,553	\$578,753
Accounts Receivable taxes	12,174	0	12,174
Accounts Receivable	5,804	0	5,804
Due from Other Funds	4,054	0	4,054
Prepaid Insurance	0	0	0
Buildings & Improvements	0	0	0
Machinery & Equipment	0	0	0
Total Assets	<u>237,232</u>	<u>363,553</u>	<u>600,785</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	0	0	0
Retirement Payable	0	0	0
Deferred Taxes Receivable	0	0	0
Due to Other Funds/Agencies	0	4,054	4,054
Note Payable	0	0	0
Total Liabilities	<u>0</u>	<u>4,054</u>	<u>4,054</u>
Fund Equity			
Fund Balance - Reserved	29,545	0	29,545
Fund Balance - Unreserved	<u>207,687</u>	<u>359,499</u>	<u>567,186</u>
Total Fund Equity	<u>237,232</u>	<u>359,499</u>	<u>596,731</u>
Total Liabilities and Fund Balance	<u>\$237,232</u>	<u>\$363,553</u>	<u>\$600,785</u>
Fund Balance Per All Government Funds			596,731
Add Net Assets			<u>34,788</u>
Fund Balance Per Balance Sheet			<u><u>\$631,519</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

BEAR LAKE TOWNSHIP
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
For the Year Ended March 31, 2008

	<u>Governmental Fund Types</u>		
	General Fund	Non Major Funds	Total (Memo Only)
<u>Revenues</u>			
Taxes	\$106,351	\$44,735	\$151,086
Admin Fees	28,641	0	28,641
Licenses	2,500	0	2,500
State Grants	88,210	0	88,210
Charges for Services	400	0	400
Interest & Rentals	12,998	4,561	17,559
Other Revenues	9,322	27,279	36,601
Total Revenues	<u>248,422</u>	<u>76,575</u>	<u>324,997</u>
<u>Expenditures</u>			
Current			
Legislative	17,902	0	17,902
General Government	120,441		120,441
Public Safety	0	34,441	34,441
Public Works	38,192	40,942	79,134
Other	0	0	0
Total Expenditures	<u>176,535</u>	<u>75,383</u>	<u>251,918</u>
Excess Revenue (Expenditures)	71,887	1,192	73,079
Fund Balance - Beginning of Year	205,345	318,307	523,652
Transfers in / (Out)	<u>(40,000)</u>	<u>40,000</u>	<u>0</u>
Fund Balance - End of Year	<u>\$237,232</u>	<u>\$359,499</u>	<u>\$596,731</u>

**BEAR LAKE TOWNSHIP
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Bear Lake Township is located in Manistee County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 1270 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

Based on the criterion above there are no other organizations included in these financial statements.

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Bear Lake Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

D. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, as amended, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Bear Lake Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>
Insured	\$ 173,896
Uninsured	\$ 97,180

The Township also has \$307,677 invested in certificates of deposit which are not reported according to risk.

5. Pension Plan

The Township participates in a defined contribution pension plan administrated by Municipal Retirement Systems, Inc. covering all elected officials and other full-time employees. The Township contributes the premium, based on the annual normal compensation. Plan members may make additional voluntary contributions. The Township's contribution for the year ended March 31, 2008 amounted to \$7,581.

6. Changes in General Fixed Assets

General Fixed Assets have been acquired for general township purposes and at the time of purchase were recorded as expenditures. All depreciation is computed using straight line with lives of 30-50 years for buildings, 15 years for equipment and 10-25 years for fire vehicles. Detailed information concerning these accounts is as follows:

	Balance 4/01/07	Additions	Deletions	Balance 3/31/08
Land, Improvements and Buildings	\$102,062			\$102,062
Vehicles	408,622			408,622
Equipment	<u>93,309</u>	<u>0</u>	<u>0</u>	<u>93,309</u>
	<u>\$ 603,993</u>	<u>0</u>	<u>0</u>	<u>\$603,993</u>
	Balance 4/01/07	Additions	Deletions	Balance 3/31/08
Accumulated Depreciation				
Land Improvements and Buildings	\$ 79,062			\$ 79,062
Vehicles	408,622			408,622
Equipment	<u>79,837</u>	<u>1,684</u>	<u>0</u>	<u>81,521</u>
	<u>\$ 567,521</u>	<u>1,684</u>	<u>0</u>	<u>\$569,205</u>

7. Compensated Absences and Post Employment Benefits

The Township does not pay for compensated absences.

8. Contingent Liabilities

There are no known contingent liabilities.

9. Risk Management

The Township carries commercial insurance as a protection against risk.

10. Taxes Receivable

The taxes receivable reflected in the general fund represents delinquent real property taxes (\$10,104) and tax administration fees (\$2,070) on delinquent real property taxes. Manistee County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units currently. Accordingly, these delinquent taxes and related fees are recorded as revenue in the current year.

SUPPLEMENTAL DATA SECTION

David E Wilson CPA

P.O. Box 205
3015 M-137
Interlochen, MI 49643

(231) 276-7668

Fax: (231) 276-7687

E-mail: wilson@wilsonward.com

To the Township Board
Township of Bear Lake
Manistee County, MI

We have audited the combined financial statements of Township of Bear Lake for the year ended March 31, 2008. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

A handwritten signature in blue ink that reads "David E. Wilson CPA". The signature is fluid and cursive, with the letters "CPA" written in a slightly larger, more distinct font at the end.

Interlochen, MI
August 26, 2008

GENERAL FUND SECTION

**Bear Lake Township
Balance Sheet
General Fund**

As Of March 31, 2008

<u>Assets</u>	
Cash in Bank and Investments	\$215,200
Accounts Receivable	5,804
Taxes Receivable	0
Due From Other Agencies	12,174
Due From Other Funds	<u>4,054</u>
Total Assets	<u><u>237,232</u></u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	<u>0</u>
Total Liabilities	0
Fund Balance	
Reserved for Cemetery Endowment	29,545
Unreserved	<u>207,687</u>
Total Fund Balance	<u><u>237,232</u></u>
Total Liabilities and Fund Balance	<u><u>\$237,232</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2008

	Original Adopted Budget April 1, 2007	Final Amended Budget March 31, 2008	Actual March 31, 2008	Budget Variance
Revenue				
Taxes	\$89,000	\$89,000	\$106,351	\$17,351
Admin Fees	19,000	24,000	28,641	4,641
Licenses and Permits	1,600	3,600	2,500	(1,100)
Charges for Services	2,000	0	400	400
Interest & Rentals	10,000	11,373	12,998	1,625
Other Revenues	33,744	27,371	9,322	(18,049)
Donations	0	0	0	0
State Shared Revenue	85,000	85,000	88,210	3,210
Reimbursements	0	0	0	0
Total Revenues	240,344	240,344	248,422	8,078
Expenditures				
Current				
Legislative	22,993	22,993	17,902	5,091
General Government	131,772	131,772	109,640	22,132
Planning and Zoning	13,000	13,000	10,801	2,199
Sanitation	32,000	32,000	30,153	1,847
Zoning Board	2,000	2,000	822	1,178
Other	10,180	10,180	7,217	2,963
Total Expenditures	211,945	211,945	176,535	35,410
Excess Revenue (Expenditures)			71,887	
Operating Transfers In (out)			(40,000)	
Fund Balance - Beginning of Year			205,345	
Prior Period Adjustment			0	
Fund Balance - End of Year			<u>\$237,232</u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NON-MAJOR FUNDS

**Bear Lake Township
Combining Balance Sheet
Non-Major Funds**

As Of March 31, 2008

	Fire Fund	Fire Equipment Fund	Improvement Fund	Roads Fund	Total Non-Major Funds
Assets					
Cash in Bank	\$69,530	\$89,881	\$148,269	\$55,873	\$363,553
Taxes Receivable	0	0		0	0
Due From GF		0	0	0	0
Total Assets	69,530	89,881	148,269	55,873	363,553
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	0	0	0	0	0
Due to General Fund	0			4,054	4,054
Total Liabilities	0	0	0	4,054	4,054
Fund Balance					
Reserved for Equipment Replacement	0				0
Unreserved	69,530	89,881	148,269	51,819	359,499
Total Fund Balance	69,530	89,881	148,269	51,819	359,499
Total Liabilities and Fund Balance	\$69,530	\$89,881	\$148,269	\$55,873	\$363,553

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Bear Lake Township
Combining Statement of Revenues, Expenditures & Changes in Fund Balance
Non-Major Special Revenue Funds

For The Year Ended March 31, 2008

	Fire Fund	Improvement Fund	Fire Equipment Fund	Road Funds	Total
Revenues					
Property Taxes	\$26,181		\$14,960		\$41,141
Delinquent Property Taxes	2,396		1,198		3,594
Interest	137	2,573	1,851		4,561
Miscellaneous	21,646			5,633	27,279
Total Revenue	50,360	2,573	18,009	5,633	76,575
Expenditures					
Wages and Salaries	12,750		0		12,750
Supplies	4,203				4,203
Fuel	125				125
Insurance	8,275				8,275
Inspections	2,000				2,000
Miscellaneous	26				26
Repairs	6,895				6,895
Capital Expenditures	167			40,942	41,109
Total Expenditures	34,441	0	0	40,942	75,383
Excess Revenue (Expenditures)	15,919	2,573	18,009	(35,309)	1,192
Transfer In/(Out)	0	0	0	40,000	40,000
Fund Balance - Beginning of Year	53,611	145,696	71,872	47,128	318,307
Fund Balance - End of Year	\$69,530	\$148,269	\$89,881	\$51,819	\$359,499

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

August 26, 2008

To The Township Board
Bear Lake Township
Bear Lake, Michigan

We have audited the financial statements of Bear Lake Township for the year ended March 31, 2008 and have issued our report thereon dated June 3, 2008. Professional standards require that we provide you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by Bear Lake Township are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Bear Lake Township's books during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Member of American Institute of Certified Public Accountants
Member of Michigan Association of Certified Public Accountants*

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Comments

The segregation of duties continues to be an issue in both the coordination of bank reconciliations and the account distribution. It is necessary for the Treasurer to formally acknowledge both the bank reconciliation and the account distribution made by the clerk.

Other Audit Findings or Issues

The township clerk is still using two systems to keep the accounting information. If the entire new system were fully implemented, this would cut the duties substantially.

We wish to thank the staff for their support and assistance during our audit.

This information is intended solely for the use of the Township Board, and management of Bear Lake Township and is not intended to be and should not be used by anyone other than these specified parties.

 Linda E. Wilson CPA

Interlochen, MI
August 26, 2008